

PINE RIVER IRRIGATION DISTRICT

FINANCIAL STATEMENTS

December 31, 2023



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

PINE RIVER IRRIGATION DISTRICT
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Directors
Pine River Irrigation District
Bayfield, Colorado

Opinions

We have audited the accompanying financial statements of the Pine River Irrigation District (the District), which comprise the statements of net position, revenues, expenses, and changes in net position, and cash flows as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

Certified Public Accountants

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therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited

procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 26, 2024

Pine River Irrigation District

Management's Discussion and Analysis

This section of the Pine River Irrigation District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year, which ended December 31, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$4,276,929 on December 31, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* (this section), and the *basic financial statements*. The basic statements consist of one enterprise fund and provides both *long-term* and *short-term* information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District adopts an annual budget as required by Colorado State Statutes. The budget is a legally adopted document that incorporates input from the public, the management of the District, and the decisions of the Board of Directors about services to be provided and the basis to pay for those services. The Supplementary Information to these financial statements provides how well the District complied with the budget and whether the District succeeded in providing those services. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The budgetary statement is presented as supplementary information to demonstrate compliance with applicable state statutes.

Fund Financial Statements

The District is a special purpose government and presents a single enterprise fund on the full accrual basis of accounting, similar to the methods used by private companies. The statement of net position includes all the District's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement revenues, expenses and changes in net assets regardless of when cash is received or paid. These statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

District's Net Position

	2023	2022
Current and Other Assets	\$ 3,990,075	\$ 3,468,828
Capital Assets	359,112	432,500
Total Assets	4,349,187	3,901,328
Current Liabilities	72,258	45,628
Net Position		
Net Invested in Capital Assets	359,112	432,500
Unrestricted	3,917,817	3,423,200
Total Net Position	\$ 4,276,929	\$ 3,855,700

Pine River Irrigation District
Management's Discussion and Analysis

District's Changes in Net Position

	2023	2022
OPERATING REVENUES		
Water assessments and exchanges	\$ 390,833	\$ 396,891
Recreation income	318,950	273,541
Hydro-electric plant fees and other revenues	83,978	78,774
Operations and maintenance reimbursements from other entities	41,349	46,363
Other operating income	3,416	2,148
TOTAL OPERATING REVENUE	838,526	797,717
OPERATING EXPENSES		
Compensation and benefits	211,370	200,364
Recreation expenses, including compensation of \$99,631	159,353	135,221
Repairs and maintenance	19,596	11,790
Deprecation expense	57,028	56,357
Hydro-electric plant expenses	10,861	8,816
Professional fees	29,217	23,906
Dues	9,820	7,858
Office supplies	12,345	9,027
Insurance	13,465	12,862
Utilities	16,461	14,734
Equipment and related expenses	15,082	10,762
Bad debt expense	19,936	39,574
Miscellaneous	4,257	7,341
TOTAL OPERATING EXPENSES	578,791	538,612
Operating income (loss)	259,735	259,105
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	165,154	(33,359)
Loss on sale of capital assets	(3,660)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	161,494	(33,359)
Change in net position	421,229	225,746
Net position, beginning of year	3,855,700	3,629,954
Net position, end of year	\$ 4,276,929	\$ 3,855,700

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total net position increased by \$421,229. Cash decreased by \$76,784. Other current assets increased by \$598,031. Investment in Capital Assets represents 8.4% of total net position, this represents the current unamortized balance of the amounts originally invested in the construction of irrigation district assets, plus any additional amounts disbursed thereafter.

Pine River Irrigation District

Management's Discussion and Analysis

The District's total revenues were \$838,526 of which 46.61 percent of the District's revenues came from the sale of water.

Budget Highlights

District revenues exceeded the budget by \$44,516, primarily due to a 16% increase in recreation income. District expenses were \$42,623 under budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of 2023, the District had invested \$359,112 in a broad range of capital assets including improvements, equipment, and buildings.

District Capital Assets included the following as of December 31, 2023:

	2023	2022
Buildings and improvements	\$ 485,381	\$ 485,381
Equipment	480,206	505,386
Total at historical cost	965,587	990,767
Accumulated depreciation	(606,475)	(558,267)
Net Capital Assets	\$ 359,112	\$ 432,500

Economic Factors and Next Year's Budgets and Rates

The Board adopted a fiscal 2024 budget reflecting an 8% decrease in revenues, primarily reduced investment earnings, and an increase in operating expenses of 12% to reflect the continuing inflationary pressures overall in the local economy.

The post-covid general recover of the economy led to increased investment income, and, on the Western Slope the recovery led to a healthier local economy and increase in recreational traffic at the reservoir.

The District maintained assessment rates for the current year at the prior year level. The 2024 adopted budget maintained assessment rates at the current year level.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with the general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Management.

PINE RIVER IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2023

ASSETS

Current assets

Cash and cash equivalents	\$ 201,772
Investments	3,581,439
Accounts receivable (net of allowance for uncollectable accounts of \$63,003)	32,494
Contractual reimbursements receivable	171,678
Prepaid expenses	<u>2,692</u>

Total current assets

3,990,075

Non-current assets

Capital assets, net of accumulated depreciation	<u>359,112</u>
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TOTAL ASSETS

4,349,187

LIABILITIES

Current liabilities

Accounts payable	57,248
Accrued payroll and related liabilities	<u>15,010</u>

TOTAL LIABILITIES

72,258

NET POSITION

Net investment in capital assets	359,112
Unrestricted	<u>3,917,817</u>

TOTAL NET POSITION

\$ 4,276,929

The accompanying notes are an integral part of this financial statement.

PINE RIVER IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended December 31, 2023

OPERATING REVENUES	
Water assessments and exchanges	\$ 390,833
Recreation income	318,950
Hydro-electric plant fees and other revenues	83,978
Operations and maintenance reimbursements from other entities	41,349
Other operating income	3,416
TOTAL OPERATING REVENUE	838,526
OPERATING EXPENSES	
Compensation and benefits	211,370
Recreation expenses, including compensation of \$99,631	159,353
Repairs and maintenance	19,596
Deprecation expense	57,028
Hydro-electric plant expenses	10,861
Professional fees	29,217
Dues	9,820
Office supplies	12,345
Insurance	13,465
Utilities	16,461
Equipment and related expenses	15,082
Bad debt expense	19,936
Miscellaneous	4,257
TOTAL OPERATING EXPENSES	578,791
Operating income (loss)	259,735
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	165,154
Loss on sale of capital assets	(3,660)
TOTAL NON-OPERATING REVENUES (EXPENSES)	161,494
Change in net position	421,229
Net position, beginning of year	3,855,700
Net position, end of year	\$ 4,276,929

The accompanying notes are an integral part of this financial statement.

PINE RIVER IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITES

Cash received from customers and contractual reimbursements	\$ 837,384
Cash paid to employees	(307,797)
Cash paid to suppliers	(187,586)
	(187,586)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES 342,001

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(582,545)
Principal payments received on note receivable	41,694
Proceeds from sale of capital assets	12,700
Interest income	109,366
	109,366

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES (418,785)

Net increase (decrease) in cash and cash equivalents (76,784)

Cash and cash equivalents, beginning of year 278,556

Cash and cash equivalents, end of year \$ 201,772

Reconciliation of income (loss) from operation to net cash provided (used) by operating activities

Operating income	\$ 259,735
Depreciation expense	57,028
Change in accounts receivable	3,307
Change in contractual reimbursements receivable	(4,449)
Change in prepaid expenses	(250)
Change in accounts payable	23,426
Change in accrued payroll and related liabilities	3,204
	3,204

Net Cash Provided (Used) by Operating Activities \$ 342,001

Noncash investing activities:

Unrealized gain on investments	\$ 55,788
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PINE RIVER IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the District's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental units accounted for as proprietary enterprise funds. The enterprise fund is used since the District's powers are related to those operated in a manner similar to a private business enterprise where net income and capital maintenance are appropriate determinations of accountability. The District assesses charges to its constituents for water usage by those constituents.

Reporting Entity

The Pine River Irrigation District was formed in 1937. The District is an independent political subdivision operating under the statutes for special districts of the State of Colorado and has its own elected governing board members.

The District operates and maintains the Vallecito dam and reservoir located in La Plata County, Colorado. The dam and reservoir are owned by the United States Government.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. Based upon these criteria, no entities were found to be includable within the reporting unit of the District.

Proprietary Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered in part through user charges. The District's operations are accounted for as one enterprise fund.

Basis of Accounting

The District's records are maintained on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the liability is incurred. Expenditures for property, plant and equipment are shown as increases in assets.

Budgets and Budgetary Accounting

The District Board follows these procedures in establishing the budget for the year:

- In accordance with State statutes, management submits to the Board of Directors a proposed operating budget for the calendar year commencing January 1. The operating budget includes proposed expenses and the means to finance them for the upcoming year, along with estimates for the current year and actual data for the two preceding

PINE RIVER IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

years. The state statutes require more detailed line-item budgets be submitted summary form. In addition, more detailed line-item budgets are included for administrative control. The level of control for budgetary purposes is at the fund level.

- Public hearings are conducted to obtain public comment.
- The budget is legally enacted through passage of a resolution.
- Management is required to presented a quarterly report to the Board of Directors explaining any variance from the approved budget.
- State statutes require the adoption of a summary budget for proprietary funds.
- Appropriations lapse at the end of each calendar year.
- The District’s Board may authorize supplemental appropriations during the year.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Deposits and Investments

Colorado law authorizes the District to invest in obligations of the United States, State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions, and local government investments pools. House Bill 1056 expanded the list of investments that are legal for local governments.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The cost of prepaid expenses are recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets are valued at historical cost.

Depreciation of the District’s capital assets is charged to operating expenses over the estimated useful lives of the assets using the straight-line method. Estimated useful lives range from 7-10 years for equipment to 15-39 years for buildings and improvements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PINE RIVER IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

Restricted Resources

It is the District's policy to use restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

New Accounting Pronouncements

During fiscal year 2023, the District adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangement (SBITA)*, that establishes that a SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. This standard requires governmental entities to record a subscription liability and an intangible right-to-use subscription asset for those contracts for the subscription term. This standard does not have a material effect on the financial statements of the District.

NOTE 2 CASH AND CASH EQUIVALENTS

CASH AND DEPOSITS

The District's policy in determining which items are treated as cash equivalents include cash, demand deposits, treasury bills, and other short-term, highly liquid investments that are readily convertible to cash and have original maturities of three months or less.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

There is no custodial credit risk for public deposits collateralized under PDPA.

At December 31, 2023, all of the District's deposits were held in eligible depositories as required by PDPA. Accordingly, all deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or are collateralized as required by PDPA in accordance with state statute. Bank balances before outstanding checks, deposits in transit, and other reconciling items total \$213,545 at December 31, 2023. The carrying amount in the financial statements for these deposits is \$201,772 at December 31, 2023.

Investments

The District's investment policy requires that, in making investment decisions, the District exercise judgment and care considering the probable income as well as the safety of capital. All investments allowed by Colorado statutes are considered by the District's policy to comply with this standard. This investment policy applies to the investment of all financial assets of all funds of the District over which it exercises financial control.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

PINE RIVER IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

Obligations of the United States and certain U.S. governmental agency securities, including securities issued by FNMA (federal national mortgage association), GNMA (governmental national mortgage association), FHLMC (federal home loan mortgage corporation), the federal farm credit bank, the federal land bank, the export-import bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank.

General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies

Bankers' acceptances of certain banks.

Certain securities lending agreements

Commercial paper

Written repurchase agreements collateralized by certain authorized securities

Certain money market funds

Guaranteed investment contracts

Local government investment pools

The investing local government's own securities including certificates of participation and lease obligations.

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last quoted market price.

Investments held by the District are as of December 31, 2023 is summarized as follows:

	Fair Value	Weighted Average Maturity (Yrs)
Cash awaiting investment	\$ 288,827	N/A
COLOTRUST Plus+	1,183,687	N/A
Mortgage-backed securities (GNMA)	561,564	19
FDIC Certificates of Deposit	374,151	1.75
OID US Treasury Bills	1,173,210	0.55
	<u>\$ 3,581,439</u>	

The Colorado Local Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. Plus+ and Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings.

PINE RIVER IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus+ is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form. There is no interest rate or foreign currency risk exposure.

The Governmental National Mortgage Association (GNMA), a corporation owned by the federal government within the Department of Housing and Urban Development, guarantees mortgage-backed securities held by the District at December 31, 2023. These securities are not separately rated, but are considered to be AA+ credit rated by Standard & Poor's because they are guaranteed by GNMA. These investments are valued at fair value (the price that would be received to sell the investments in an orderly transaction between market participants at December 31, 2023 based on observable inputs, either directly or indirectly (known as Level 2 in the fair value hierarchy).

Risk Disclosures

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits District investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers.

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government's investment in a single issuer, occurs when deposits are not diversified. District policy places no limit on the amount the District may invest in any one issuer. All District investments are issued by or guaranteed by the U.S. government, or insured by PDPA, or are investments in external investment pools, and therefore are not subject to concentration of credit risk disclosure requirements.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The fair value of mortgage-backed securities is sensitive to changes in interest rates.

The District was not subject to foreign currency risk as of December 31, 2023.

NOTE 3 CAPITAL ASSETS

A summary of changes in capital assets during 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Assets				
Buildings and improvements	\$ 485,381	\$ -	\$ -	\$ 485,381
Vehicles and equipment	505,386	-	25,180	480,206
Total depreciable assets	990,767	-	25,180	965,587
Less accumulated depreciation	558,267	57,028	8,820	606,475
Total capital assets, net	<u>\$ 432,500</u>	<u>\$ (57,028)</u>	<u>\$ 16,360</u>	<u>\$ 359,112</u>

PINE RIVER IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 NOTES RECEIVABLE

During 2020, the District loaned \$129,828 to Vallecito Conservation & Sporting Association, Inc., (VCSA) a Colorado nonprofit, which operates the marina at Vallecito reservoir. The note bears interest at 4% per annum and is payable in annual installments of \$32,500 on November 1, 2020, 2021, 2022, and \$41,694 due on November 1, 2023. The note is secured by all accounts receivable, inventory, and equipment of VCSA. The note was paid in full in November 2023, therefore the principal balance of the note receivable was \$0 at December 31, 2023.

NOTE 5 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and general liability. The District has purchased insurance through commercial companies for protection from these risks.

NOTE 6 CONTRACTUAL MATTERS

Ptarmigan Resources and Energy, Inc.

The District provides facility maintenance of a hydroelectric plant owned and operated by Ptarmigan Resources and Energy, Inc. (Ptarmigan). The District is reimbursed 15% of the District's total operating and maintenance costs or \$15,000, whichever is less. Ptarmigan also pays the District an hourly labor rate for time worked by District employees at the hydroelectric plant and reimburses fuel costs incurred by the District to maintain the plant. In 2005 this agreement was amended to include an annual CPI based increase in rate for hourly labor services performed and associated retirement match and contribution for those employees. Ptarmigan owed the District \$83,978 of reimbursement pursuant to this contract at December 31, 2023.

United States Bureau of Indian Affairs

The United States Bureau of Indian Affairs (BIA) reimburses the District for one-sixth of certain operating and capital expenditures related to operation of the reservoir. BIA owed the District \$87,700 of reimbursement pursuant to this agreement at December 31, 2023.

NOTE 7 RETIREMENT PLAN

SIMPLE Retirement Plan

The District provides a SIMPLE retirement account plan for eligible District employees. All employees with annual compensation greater than \$5,000 are eligible to participate. Participants may elect to voluntarily contribute up to \$12,000 of their compensation annually. The District matches participant contributions up to 3% of the participant's compensation. Employee and employer contributions are fully vested. The District's total contribution to the plan for the year ended December 31, 2023 was \$3,865.

NOTE 8 TAX, SPENDING, AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. In general, TABOR restricts the ability of the State and local governments to increase revenues and spending, to impose taxes, and to issue debt and certain other types

PINE RIVER IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

of obligations without voter approval. TABOR generally applies to the State and all local governments, including the District.

Some provisions of TABOR are unclear and will require further judicial interpretation. No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs, or to engage in any subsequent financing activities. TABOR is complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance. The District believes it has complied with all aspects of the TABOR amendment.

PINE RIVER IRRIGATION DISTRICT
SUPPLEMENTAL INFORMATION

PINE RIVER IRRIGATION DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (BUDGET AND ACTUAL)
For the year ended December 31, 2023

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Water assessments and exchanges	\$ 390,800	\$ 390,800	\$ 390,833	\$ 33
Recreation income	273,472	273,472	318,950	45,478
Hydro-electric plant fees and other revenues	80,053	80,053	83,978	3,925
Operations and maintenance reimbursements from other entities	47,437	47,437	41,349	(6,088)
Other operating income	2,248	2,248	3,416	1,168
TOTAL REVENUES	<u>794,010</u>	<u>794,010</u>	<u>838,526</u>	<u>44,516</u>
EXPENDITURES				
Compensation and benefits	215,225	215,225	211,370	3,855
Recreation expenses	153,905	153,905	159,353	(5,448)
Repairs and maintenance	60,300	60,300	19,596	40,704
Deprecation expense	57,238	57,238	57,028	210
Hydro-electric plant expenses	3,850	3,850	10,861	(7,011)
Professional fees	32,200	32,200	29,217	2,983
Dues	23,250	23,250	9,820	13,430
Office supplies	13,000	13,000	12,345	655
Insurance	14,016	14,016	13,465	551
Utilities	20,500	20,500	16,461	4,039
Equipment and related expenses	17,700	17,700	15,082	2,618
Bad debt expense	3,500	3,500	19,936	(16,436)
Miscellaneous	6,730	6,730	4,257	2,473
TOTAL EXPENDITURES	<u>621,414</u>	<u>621,414</u>	<u>578,791</u>	<u>42,623</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	(59,896)	(59,896)	165,154	225,050
Loss on sale of capital assets	-	-	(3,660)	(3,660)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(59,896)</u>	<u>(59,896)</u>	<u>161,494</u>	<u>221,390</u>
Change in net position	112,700	112,700	421,229	308,529
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>3,855,700</u>	<u>3,855,700</u>
Net position, end of year	<u>\$ 112,700</u>	<u>\$ 112,700</u>	<u>\$ 4,276,929</u>	<u>\$ 4,164,229</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.